



# UNIVERSITY SYSTEM *of* MARYLAND

## **HOUSE APPROPRIATIONS COMMITTEE**

### **House Bill 384**

### **Institutions of Higher Education - Transcripts - Prohibition on Punitive Measures Related to Student Debt**

**February 14, 2023**

### **Favorable with Amendment**

Chair Barnes, Vice Chair Chang and committee members, thank you for the opportunity to share our position on House Bill 384. This bill would prohibit an institution of higher education from refusing to provide a current or former student with a transcript because the student owes a debt to the institution of higher education. Additionally, the bill prohibits an institution of higher education from charging a higher fee to obtain a transcript if the student owes a debt, providing less favorable treatment of a transcript request when the student owes a debt or using a transcript issuance as a tool for debt collection.

The institutions of higher education within the University System of Maryland (USM) work closely with students experiencing financial struggles to ensure they are able to continue and complete their studies. In particular, campus financial aid specialists and student affairs staff are adept in working on an individual basis with students who have debts with the institution.

The USM supports the intent of House Bill 384 in providing transcripts to students who owe debt to allow access to transcripts for purposes of transfer to another institution, application to graduate school, or application for employment. Unlike statutory language related to restricting registration for students with debt, House Bill 384 prohibits the use of transcript withholding regardless of the amount of debt.

The ability to withhold transcripts for students and former students who owe a debt is an important tool for collecting delinquent student account debt and a common practice throughout higher education. For individuals who may have overlooked their student account debt, the hold on transcripts is a reminder of the outstanding debt and is quickly remedied with payment for transcript release. For those with a transcript hold and without the ability to pay, requests for transcript release are reviewed on a case-by-case basis and typically released for purposes of employment.

The University System of Maryland (USM) Board of Regents policy on academic transcripts allows an institution to withhold transcripts if a student is delinquent in his or her financial obligations. Also, the US Department of Education's Stafford and Perkins loan programs encourage the withholding of transcripts if the federal loan is in default. Once a transcript is released to a student there is no reason for the student to pay any unpaid balance to the institution. Moreover, if a student with an outstanding debt at one institution was able to secure an official transcript and apply and be admitted to another school that student would certainly be at a high risk for non-payment and accrue even more debt. This would not be good for the student as they would now owe two institutions.

The current practice has assisted in collecting lost revenue. However, the USM believes that select Pell-eligible undergraduate students with 60 credits or more could be disproportionately impacted. An institution of higher education should also maintain the flexibility to allow a student with an unpaid balance to receive a transcript **if** the student enters into an installment payment plan within 90 days after the day on which the student makes the request and makes a payment before the transcript is released. Payment plans are often the first and preferred course of action to address student debt in order to avoid sending the debt to collections.

The USM looks forward to working with the sponsor and the committee to craft a solution that respects both the needs of borrowers and those of the institutions.



### **About the University System of Maryland**

The University System of Maryland (USM)—one system made up of twelve institutions, three regional centers, and a central office—awards eight out of every ten bachelor’s degrees in the State of Maryland. The USM is governed by a Board of Regents, comprised of twenty-one members from diverse professional and personal backgrounds. The chancellor, Dr. Jay Perman, oversees and manages the operations of USM. However, each constituent institution is run by its own president who has authority over that university. Each of USM’s 12 institutions has a distinct and unique approach to the mission of educating students and promoting the economic, intellectual, and cultural growth of its surrounding community. These institutions are located throughout the state, from western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes Historically Black Colleges and Universities, comprehensive institutions, research universities, and the country’s largest public online institution.

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